

# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration 500 West Temple Street, Room 713, Los Angeles, California 90012 (213) 974-1101 http://ceo.lacounty.gov

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May 20, 2014

The Honorable Board of Supervisors County of Los Angeles 383 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, California 90012

**Dear Supervisors:** 

### **ADOPTED**

BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

2 May 20, 2014

SACHI A. HAMAI EXECUTIVE OFFICER

AMENDMENT NO. 2 TO LEASE NO. 74808
SHERIFF'S DEPARTMENT
4310 DONALD DOUGLAS DRIVE, LONG BEACH
(FOURTH DISTRICT)
(3 VOTES)

#### **SUBJECT**

A five-year lease amendment extending the lease term for an additional five years for the continued operation of the Sheriff's Department Aero Bureau located within the Long Beach Airport at 4310 Donald Douglas Drive.

#### IT IS RECOMMENDED THAT THE BOARD:

- 1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
- 2. Approve and instruct the Chairman to sign the lease amendment with Airspace LLC, for 5,500 square feet of office space, 12,100 square feet of hangar space, and 17,500 square feet of ramp space located within the Long Beach Airport at 4310 Donald Douglas Drive, for the Sheriff's Department at an annual first year rent not to exceed \$496,610. The lease costs are 100 percent net County cost.

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#### PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Landlord, Airspace, LLC, successor in interest to Petrowings Limited, a California Limited Partnership, and the County of Los Angeles (County) are parties to Lease No. 74808 dated April 13, 2004 (Original Lease) in which the Sheriff's Department Aero Bureau (Aero Bureau) maintains its aerial operations. The Aero Bureau performs a variety of missions focused on aerial reconnaissance, surveillance and ground unit support throughout Los Angeles County.

As Aero Bureau's responsibilities have continually increased and evolved, other missions and roles have developed including pursuit management, aviation search and rescue, prisoner transportation, aerial photography, and crime scene containment. The fleet of aircraft currently consists of 19 helicopters and three airplanes. Headquartered within the Long Beach Airport since 2004, Aero Bureau's staff is comprised of 52 full time employees, including 36 sworn members and 16 civilians.

On December 6, 2011, the parties entered into Amendment No. 1 to Lease No. 74808 (First Amendment) extending the term of the Original Lease and modifying the lease area. That lease term expired in April 2014, and the Sheriff's Department has requested that the term be extended an additional five years in order to continue uninterrupted use of the collective office, aircraft hangar, and ramp spaces employed to perform its essential County-wide operations. Furthermore, the special use and unique characteristics of the improvements associated with Aero Bureau's operations necessitates that the Sheriff's Department remain at the existing location at this time, and pursue any contemplated future expansion at this location or another site, if viable opportunities should become available.

#### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of process, structure, and operations to support timely delivery of customeroriented and efficient public service. The proposed lease amendment supports this goal by providing continued public safety services in an effective manner through the Aero Bureau's integral operations. The proposed lease amendment is in conformance with the Strategic Asset Management Principles as outlined in Attachment A.

#### FISCAL IMPACT/FINANCING

Under terms of the Original Lease, Landlord and the County have negotiated an adjusted fair market rent for the extension term, and the maximum cost for the first year of this renewal shall not exceed \$496,610. The rental costs consist of two components: office rent and reimbursement of 35 percent of insurance, and personal property tax. Annual office rent amounts to \$446,610, annual reimbursement of insurance and personal property tax costs amount to approximately \$50,000. The lease is split-service, whereby the landlord provides all exterior maintenance and utilities, and the County is responsible for interior maintenance, janitorial, and supplies. The lease allows for a rental adjustment annually, of 3 percent of the Base Year rent.

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The program is 100 percent net County cost (NCC). Sufficient funding for the proposed five-year lease extension is included in the Fiscal Year (FY) 2013-14 Rent Expense budget and will be charged back to the Sheriff. Sufficient Funding will also be included in the proposed FY 2014-15 Rent Expense budget. Attachment B is an overview of the lease changes.

#### FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment includes the following provisions:

- A five-year extension of the lease term, effective upon Board approval.
- County will pay a negotiated adjustment in fair market rent, insurance, and taxes based upon the terms and conditions of the Original Lease.
- County may cancel the lease after 3 years upon 90 days notice.

Staff did not conduct a search for an alternate site beyond reviewing County-owned airport facilities due to the special use and unique characteristics of the improvements associated with the requirements for the Aero Bureau operation.

Attachment C shows all County-owned and leased facilities within the surrounding Los Angeles County area, and there are no County-owned or leased facilities available for this operation.

#### **ENVIRONMENTAL DOCUMENTATION**

The Chief Executive Office (CEO) has concluded that the lease amendment is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no disruption of services to the public as this is an exercise of an option to renew the lease term with no other changes to the terms and conditions of the lease.

#### **CONCLUSION**

Upon approval of the recommendations, please return three original copies of the signed Amendment No. 2 to Lease No. 74808, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing. Additionally, please forward one adopted, stamped copy of the Board Letter to the Sheriff's Department.

Respectfully submitted,

WILLIAM T FUJIOKA

Chief Executive Officer

WTF:RLR:CCM CEM:TS:gw

**Enclosures** 

c: Executive Office, Board of Supervisors County Counsel

Auditor-Controller

Sheriff

## **SHERIFF DEPARTMENT** 4310 DONALD DOUGLAS DRIVE, LONG BEACH Asset Management Principles Compliance Form<sup>1</sup>

1.	Осс	<u>upancy</u>	Yes	No	N/A		
	Α	Does lease consolidate administrative functions? <sup>2</sup>			Х		
	В	Does lease co-locate with other functions to better serve clients? 2			х		
	С	Does this lease centralize business support functions?			Х		
	D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup>			х		
2.	Ca	<u>oital</u>					
	Α	Is it a substantial net County cost (NCC) program? The lease cost for the space is 100 % NCC.	x				
	В	Is this a long term County program?	х				
	С	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		х			
	D	If no, are there any suitable County-owned facilities available?		х			
	Е	If yes, why is lease being recommended over occupancy in County-owned space?			х		
	F	Is Building Description Report attached as Attachment C?	х				
	G	Was build-to-suit or capital project considered? The Sheriff desired to retain existing space based on favorable market rate and no other expansion space available in the marketplace.		х			
3.	Poi	Portfolio Management					
	Α	Did department utilize CAO Space Request Evaluation (SRE)?	Х				
	В	Was the space need justified?	х				
	С	If a renewal lease, was co-location with other County departments considered?		х			
	D	D Why was this program not co-located?					
		The program clientele requires a "stand alone" facility.					
		2. <u>x</u> No suitable County occupied properties in project area.					
		3. x No County-owned facilities available for the project.					
		4 Could not get City clearance or approval.					
		5 The Program is being co-located.					
	E	Is lease a full service lease? It is a double net lease in which County pays rent and its proportionate share of taxes and insurance.		х			
	F	Has growth projection been considered in space request?	х				
	G	Has the Dept. of Public Works completed seismic review/approval?			х		
		<sup>1</sup> As approved by the Board of Supervisors 11/17/98					
		<sup>2</sup> If not, why not?					

4310 DONALD DOUGLAS DRIVE LONG BEACH	EXISTING LEASE NO. 74808	FIVE-YEAR LEASE OPTION	CHANGE	
Area (square feet)	5,500 sf office space 12,100 sf hangar space 17,550 sf ramp space	5,500 sf office space 12,100 sf hangar space 17,550 sf ramp space	None	
Term	04/13/2009 05/11/2014 Month-to-Month effective 5/12/2014	Upon board approval	+ 5 years	
Annual Rent	\$493,110	\$496,610*	+ \$3,500	
Parking	7 spaces	7 spaces	None	
Cancellation	County may cancel any time after the 36 <sup>th</sup> month upon 90 days prior written notice	County may cancel any time after the 36 <sup>th</sup> month of the extended term upon 90 days prior written notice	None	
Option to Renew	Two 5-year options	Final 5-year option is being exercised	No options remain	
Rental Adjustment	Based upon CPI to a maximum of 4 percent annually	Fixed annual rent increase of 3 percent	None since previous CPI average over term was 2-4 percent	

<sup>\*</sup>New lease rent of \$496,610 was negotiated at 95 percent of fair market value as outlined in the lease, Paragraph 4 (b), Option to Renew, and the rental adjustment is below the annual 4 percent maximum increase provided in the lease.

## SPACE SEARCH IMPROVED COUNTY-OWNED AIRPORT PROPERTIES

LACO	FACILITY NAME/ADDRESS	SQ FT GROSS	SQ FT NET		LAND AREA ACRE	SQ FT AVAILABLE
4135	BRACKETT FIELD 1615 W. McKinley Ave. La Verne 91750	433,435	393,510	OWNED	131.71	Only undeveloped land is available. Development cost too high.
0370	COMPTON AIRPORT 901 W. Alondra Blvd. Compton 90220	246,960	228,913	OWNED	74.27	None available.
X792	EL MONTE AIRPORT 4233 N. Santa Anita Ave. El Monte 91731	302,873	280,554	OWNED	49.50	Undeveloped north end available, but would require condemnation of homes in expanded flight path to meet Aero Bureau requirements.
4549	FOX AIRFIELD 4555 W. Ave. G Lancaster 93536	80,866	63,716	OWNED	512.05	Majority of undeveloped area is available. High development cost. Airfield is not centrally located nor adjacent to metro area.
X764	WHITEMAN AIRPORT – ABLE AIR OFFICE 12653 Osborne St. Pacoima 91331	486,140	479,718	OWNED	180.98	Very limited area available. Insufficient to meet Aero Bureau needs.

#### AMENDMENT NO. 2 TO LEASE NO. 74808 4310 DONALD DOUGLAS DRIVE, LONG BEACH

This Amendment No. 2 to Lease No. 74808 ("Second Amendment") is made and entered into this 20th day of May, 2014, by and between AIRSPACE LLC ("Landlord"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant").

#### **RECITALS**

- A. Landlord, as successor in interest to Petrowings Limited, a California Limited Partnership, and Tenant are parties to that certain Lease No. 74808 dated April 13, 2004 ("Original Lease").
- B. On December 6, 2011, the parties entered into that certain Amendment No. 1 to Lease No. 74808 ("First Amendment") modifying the lease area.
- C. Tenant currently leases from Landlord approximately 5,500 rentable square feet of office space, 12,100 rentable square feet of hangar space, and 17,500 rentable square feet of ramp space located at 4310 Donald Douglas Drive within the Long Beach Airport (collectively the "Premises").
- D. Landlord desires to extend the term of the Original Lease and First Amendment (collectively the "Lease") to Tenant upon the terms, covenants, agreements, and conditions as contained in this Second Amendment to each of which Landlord and Tenant have mutually agreed and the Parties desire to amend the Lease as set forth below.

#### AGREEMENT

NOW, THEREFORE, the Parties hereto agree as follows:

For and in consideration of the covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties amend the Lease as follows:

1. **Section 1. (e) TERM** of the Lease is hereby amended by deleting such Section in its entirety and adding in its stead:

The extension term of the lease shall be for five (5) years commencing on the day immediately following approval of this Second Amendment by the Board of Supervisors ("Commencement Date") and terminating at midnight on the day before the fifth anniversary of the Commencement Date ("Termination Date"), unless sooner terminated by Tenant as provided herein.

2. **Section 1. (i) BASIC RENT** of the Lease is hereby amended by deleting such Section in its entirety and adding in its stead:

Thirty-Seven Thousand Two Hundred Seventeen and 50/100 Dollars (\$37,217.50) per month.

3. **Section 5. RENT** of the Lease is hereby amended by deleting subsections (a), (b), (c), and (d) of such Section in their entirety and adding in their stead:

The Basic Rent (\$37,217.50) shall be subject to a fixed annual rent increase of three percent (3%) or \$1116.53, commencing with the thirteenth (13th) month of the extended lease term and upon each twelve (12) months thereafter.

4. **Section 19. (e) INSURANCE** of the Lease is hereby amended by deleting the last sentence of such Section only and adding in its stead:

Reimbursement shall be **35%** of the total insurance premiums for the Premises based on the ratio of the square footage of Lessee's occupied portion compared to the square footage of the total premises.

5. **Section 20. TAXES** of the Lease is hereby amended by deleting the first paragraph of such Section only and adding in its stead:

Landlord shall be responsible for payment of all real property taxes on the Premises. The Tenant shall reimburse Landlord for real property taxes on its pro rata portion of the premises based on the ratio of the square footage of Tenant's occupied portion compared to the square footage of the total Premises which is agreed to be **35%**.

- 6. **RATIFICATION AND CONFIRMATION OF LEASE**. Except as modified herein, all other terms and conditions of the Lease, as amended, remain in full force and effect. In the event the terms and conditions of this Second Amendment conflict with the terms of the Lease, then the terms and conditions of the Second Amendment shall prevail and be controlling.
- 7. **FULL FORCE AND EFFECT.** Landlord and Tenant each represent and warrant to the other that the Lease, as amended, is in full force and effect and has not been assigned, modified, supplemented or further amended in any way.

8. **ENTIRE AGREEMENT**. The Lease, as amended, contains the entire agreement of the Parties hereto with respect to the subject matter hereof. No representations, inducements, or agreements, oral or otherwise, between the Parties not contained in the Lease, as amended, shall be of any force or effect. The Lease, as amended, may not be modified, changed or terminated, in whole or in part, in any manner other than by an agreement in writing signed by duly authorized representatives of the Parties hereto.

[END - SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, Landlord has executed this Amendment or caused it to be duly executed and this Amendment has been executed on behalf of the County by the Chairman of the Los Angeles County Board of Supervisors the day, month, and year first above written.

LANDLORD: AIRSPACE, LLC

By:

Name: R.A. Seidel Its: President

I hereby certify that pursuant to Section 25103 of the Government Code, felivery of this document has been made.

SACHI A. HAMAI Executive Officer

Clerk of the Board of Supervisors

Deputy

ATTEST:

SACHI A. HAMAI

Executive Officer-Clerk of the Board of Supervisors

By:

Deputy

**COUNTY OF LOS ANGLES** 

a body corporate and politic

By:

Chairman, Board of Supervisors PRO TEM

APPROVED AS TO FORM:

JOHN F. KRATTLI County Counsel

y: \_\_\_\_

Deputy

ADOPTED BOARD OF SUPERVISORS

#12

MAY 2 0 2014

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